

## Message Text

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ACTION EB-04

INFO OCT-01 SS-14 ISO-00 EUR-08 SP-02 INR-05 NSC-05

NSCE-00 CIAE-00 STR-02 /041 W

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R 211700Z JUL 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 6018

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION GENEVA

C O N F I D E N T I A L ROME 11931

LIMDIS

PASS STR

ALSO FOR USEEC; ALSO USMTN

E.O. 11652: GDS

TAGS: ETRD, EEC, IT

SUBJECT: MTN-BILATERAL CONSULTATIONS WITH ITALIANS

REF: (A) STATE 168374; (B) ROME 11825

1. STR GENERAL COUNSEL RIVERS EXCHANGED VIEWS REGARDING THE MTN IN SEPARATE MEETINGS WITH ROMUALDO MORONI, DIRECTOR GENERAL FOR AGRICULTURAL PRODUCTS IN THE MINISTRY OF AGRICULTURE, AND TEODORO FUXA, DIRECTOR OF OFFICE VI (EC AND GATT AFFAIRS) OF THE MINISTRY OF FOREIGN AFFAIRS.

2. RIVERS STRESSED THE IMPORTANCE OF ACHIEVING SUBSTANTIVE PROGRESS IN THE MTN TO COUNTER GROWING PROTECTIONIST TREND IN THE INDUSTRIALIZED COUNTRIES. HE DESCRIBED IN GENERAL  
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TERMS THE PROMISING CONSULTATIONS RECENTLY CONDUCTED BETWEEN U.S. AND EC OFFICIALS IN BRUSSELS, JULY 11, AND IN TIDEWATER, MD., JULY 15-16, WHICH , HE SAID, OFFER AN OPPORTUNITY TO MOVE THE MTN FORWARD.

3. RIVERS SAID THE U.S. HAD AGREED TO ADOPT A MORE FLEXIBLE APPROACH TO THE NEGOTIATION OF AGRICULTURAL

ISSUES, DROPPING ITS PAST "THEOLOGY" REGARDING THE CAP IN FAVOR OF A MORE PRAGMATIC DISCUSSION OF SPECIFIC ISSUES. HE EMPHASIZED, HOWEVER, THAT AGRICULTURE MUST BE A PART OF THE FINAL PRODUCT OF THE MTN.

4. RIVERS OUTLINED THE WORK PROGRAM AGREED UPON IN THE US-EC BILATERAL DISCUSSIONS FOR THE FALL. HE EMPHASIZED THAT THE WORK PROGRAM WAS NECESSARY TO PREPARE FOR BARGAINING AND POLITICAL-LEVEL DECISIONS IN THE SPRING.

5. MORONI SAID HE WAS VERY PLEASED RIVERS HAD COME TO ROME AND EMPHASIZED NEED FOR INTENSE CONTACTS ON MTN, BUT NOTED THAT EC IS FOCAL POINT OF DISCUSSIONS ON THIS SUBJECT FOR MEMBER COUNTRIES. HE SAID HE WAS FULLY AWARE OF PROTECTIONIST SENTIMENT IN US AS ITALY HAD EXPERIENCED DIFFICULTIES IN PAST FOR EXAMPLE WITH ITS CHEESE EXPORTS. HE WAS HAPPY TO HEAR OF NEW US ATTITUDE ON CAP AND EXPRESSED CONFIDENCE THAT THIS WOULD MAKE IT FAR EASIER TO REACH AGREEMENTS IN THAT SECTOR.

6. MORONI AND FUXA SAID THEY UNDERSTOOD US MOTIVES FOR SUGGESTING A WORK PROGRAM , BUT BOTH INDICATED THAT THE AGENDA MAY BE TOO AMBITIOUS IN VIEW OF RECENT MTN EXPERIENCE. BOTH MORONI AND FUXA SAID THEY SHARED THE VIEW THAT PROGRESS IN THE MTN WAS NECESSARY  
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TO COUNTER PROTECTIONIST TRENDS.

7. MORONI EXPRESSED INTEREST IN ACHIEVING GREATER ACCESS IN THE EC MARKET FOR US AGRICULTURAL PRODUCTS OF INTEREST TO ITALY, PARTICULARLY CORN. HE ALSO EXPRESSED INTEREST ABOUT INCREASED OPPORTUNITIES IN THE US MARKET FOR ITALIAN EXPORTS, PARTICULARLY CHEESE. IN RESPONSE TO A QUESTION, MORONI SAID PROPOSED ENTRY INTO EC OF GREECE, SPAIN, AND PORTUGAL POSED SERIOUS, BUT VARYING, COMPETITIVE PROBLEMS FOR ITALIAN AGRICULTURE. SOME CONCESSIONS RE GREECE ALREADY HAVE BEEN OBTAINED MAKING IT VIRTUALLY NO PROBLEM. LEVEL OF SPANISH EXPORTS TO EC, HOWEVER, ALREADY VERY IMPORTANT AND SPAIN HAS POTENTIAL (LOW COST OF PRODUCTION AND SIZEABLE RESOURCES) THAT GIVE IT GREAT POTENTIAL FOR INCREASED EXPORTS TO EC COUNTRIES. ITALY'S SHARE IN EC MARKET FOR SUCH MEDITERRANEAN PRODUCTS AS CITRUS, ALREADY HAS DECLINED SUBSTANTIALLY IN FACE OF COMPETITION FROM NON-EC MEDITERRANEAN COUNTRIES. PREFERENCE ITALY ENJOYS IN MEDITERRANEAN PRODUCTS VERY SMALL.

8. FUXA, WHO WAS PREPARING TO DEPART FOR THE MEETING

OF THE 113 COMMITTEE IN BRUSSELS, EXPRESSED INTEREST  
IN US OBJECTIVES IN A SUBSIDY NEGOTIATION, PARTICULARLY  
IN THE AREA OF REGIONAL AIDS. RIVERS STATED THAT  
US SOUGHT INCREASED DISCIPLINE OVER SUBSIDIES INsofar  
AS THEY DISTORT INTERNATIONAL TRADE. FUXA ALSO  
INQUIRED ABOUT THE ZENITH AND US STEEL  
CASES. RIVERS DESCRIBED THE STATUS OF THE CASES,  
EMPHASIZING THAT A LEGISLATIVE SOLUTION TO THE PROBLEM,  
SHOULD ONE BE NECESSARY, WOULD BE EASIER TO OBTAIN  
IF THERE WERE SUBSTANTIVE PROGRESS IN THE MTN.  
FUXA SAID HE UNDERSTOOD THIS POINT AND THAT US WAS  
NOT TRYING TO USE ZENITH CASE AS A LEVER TO MOVE MTN  
NEGOTIATIONS.GARDNER

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## Message Attributes

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